

**FISCAL NOTE**  
**SB 738 - HB 1503**

March 24, 1997

**SUMMARY OF BILL:** (1) Defines emergency medical services as a *sudden unexpected onset of a medical condition* such that a *prudent layperson* would consider the patient's life in jeopardy or at threat of serious impairment or dysfunction. Using this definition health maintenance organizations and health insurance providers would be required to cover emergency services rendered in a hospital emergency room, even if the facility is outside of the insurers network. The insurance provider is not required to pay more than if such services were provided in their own network. (2) Requires coverage of all screening tests required by federal COBRA legislation. This bill would prevent HMO's or other insurers from denying liability for emergency room care just because the patient did not seek prior approval.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$1,000,000**

**Other Fiscal Impact - Increase Expenditures/Health Industry - Exceeds \$1,000,000<sup>1</sup>**

Assumes that TennCare MCOs and private health insurers currently deny coverage for some emergency room visits not approved by a primary care physician or which do not constitute an emergency as defined by medical personnel. Expenditures for emergency room visits will increase and managed care organizations will lose some measure of control over patient utilization of hospital emergency rooms.

This bill would not directly impact the state employee health care plan or most local government health care plans, since self-insured plans are exempted by federal law (ERISA).

<sup>1</sup>The impact on the health industry is included as required by Chapter 244 of the Public Acts of 1989.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director